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U.S. BANKRUPTCY COURT
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JAMES J. WALDRON
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**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY**

IN RE:]	Chapter 11
]	
SHAPES/ARCH HOLDINGS L.L.C.,]	Case No. 08-14631 (GMB)
<u>et al.</u>]	(Jointly Administered)
]	
Debtors.]	Hearing Date: July 28, 2008 10:00 a.m.

**RESPONSE TO DEBTORS' OBJECTION TO THE
CLAIM OF THE TENNESSEE DEPARTMENT OF REVENUE**

COMES now the Office of the Attorney General, on behalf of the Tennessee Department of Revenue (the "TDOR"), by and through counsel, and responds to the Debtors' objection to the pre-petition claim of the TDOR. In support of the claim, the TDOR respectfully submits the following:

1. The Debtors filed for relief under Chapter 11 of the Bankruptcy Code on March 16, 2008.
2. At the time of filing of this Chapter 11 bankruptcy, the Debtors were indebted to the TDOR in the amount of approximately \$149,000.00 for pre-petition sales and use taxes. Said indebtedness and claim are currently estimated due to an audit.

3. The Commissioner of Revenue has the authority to audit entities and make assessments pursuant to T.C.A. §§ 67-1-102; 67-4-803; and 67-4-913. Assessments are binding and presumed accurate without evidence to the contrary. T.C.A. § 67-1-1438. Furthermore, pursuant to Tennessee Code Annotated § 67-6-517, the burden to show the contrary shall rest upon the dealer (Debtors herein).

4. The claim should be allowed as a priority claim pursuant to 11 U.S.C. §§ 507(a)(8) and 506.

5. A Proof of Claim is prima facie evidence of the validity and amount of the claim. Fed.RulesBankr.Proc. Rule 3001(f), 11 U.S.C.A. The Debtors have not provided any evidence to rebut the validity of the claim.

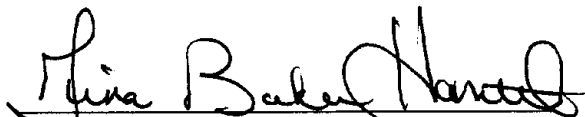
WHEREFORE, the TDOR prays:

1. That the Court deny the Debtors' Objection to the claim of the TDOR;
2. That the Court enter an Order allowing the claim as a priority claim; and
3. For such further relief to which the TDOR may be entitled.

DATED this 18th day of July, 2008.

Respectfully submitted,

ROBERT E. COOPER, JR.
Attorney General and Reporter



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CERTIFICATE OF SERVICE

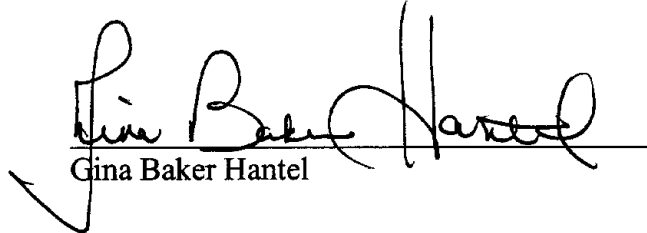
I do hereby certify that a true and exact copy of the foregoing Response to Objection to the Claim of the Tennessee Department of Revenue has been either emailed and/or forwarded by first class U.S. postage pre-paid to the following:

Shapes/Arch Holdings, LLC
9000 River Road
Delair, NJ 08110

Mark E. Felger
Jerrold N. Poslusny, Jr.
COZEN O'CONNOR
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457 Haddonfield Road
Cherry Hill, NJ 08002

Office of the United States Trustee
Bridge View Building, Suite 102
800 Cooper Street
Camden, NJ 08101

on this the 18th day of July, 2008.


Gina Baker Hantel